

# JOURNAL

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION

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Web Site: [www.bpa.gov/corporate/kc/home/journal](http://www.bpa.gov/corporate/kc/home/journal)

## BPA engineer named Federal Engineer of the Year

The National Society of Professional Engineers named William A. Mittelstadt of the Bonneville Power Administration its "2003 Federal Engineer of the Year."

"Bill is a national treasure who has substantially improved electricity service for all citizens in the western U.S.," said BPA Administrator Steve Wright. "We are delighted with this well-deserved recognition."

Sponsored by NSPE and Northrop Grumman, the Federal Engineer of the Year Award program recognizes outstanding professional engineers employed in the federal government. Mittelstadt was selected as the U.S. Department of Energy Engineer of the Year candidate, and was one of 31 finalists for the national award.

"I am so blessed to have worked for an organization that has from its beginning encouraged its employees to be innovative and provided the resources to make it happen," said Mittelstadt.

Mittelstadt is an internationally acknowledged technical expert who has impacted national power system development and contributed to research, development and engineering academia during his 36 years of federal service. He serves as the Principal Engineer for the BPA power system that includes over 15,000 miles of transmission lines that provide reliable power to the Pacific Northwest and interconnected regions.

Vickie VanZandt, BPA vice president for Transmission Operations and Planning said, "Bill is one the most extraordinary engineering talents I have ever known. His contributions to this industry are immeasurable."

In the past three years, Mittelstadt's accomplishments include developing new planning practices, tools, and testing associated with the design, reinforcement and stability of BPA's high voltage transmission system. Mittelstadt has also been very active in developing operation and reliability standards for connecting power

systems throughout the western United States. He has participated in numerous other development projects including the Wide Area Measurement System that allows system operations managers to track the flow of electricity in "real" time. This system was named one of the top technological innovations of the 20<sup>th</sup> century.

Mittelstadt, 59, resides in Portland, Ore.



## Rate process begins

Administrator Steve Wright announced that, due primarily to poor water conditions and lower-than-expected surplus power revenues, the Bonneville Power Administration expects to raise wholesale power rates for utilities and large industrial customers. While the amount of the increase will be determined in a rate case process, it could be around 15 percent above current wholesale rates. If adopted, a new rate will go into effect Oct. 1, 2003.

"We held off proposing higher rates as long as we could, hoping that water and economic conditions would improve," said Wright. "Neither has happened."

In March, BPA will submit an initial proposal that will include a proposed rate for the formal rate process.

"Between now and mid-March, we still have a chance to reduce the proposed increase by finding additional cost cuts," Wright said. "However, it will take bold and collaborative actions by many parties in the region to pare down the rate increase. We are challenging the region to help us accomplish more cost reductions."

Last November, BPA alerted the region that it was projecting a \$1.2 billion revenue shortfall over the current rate period, ending September 2006.

BPA has identified additional cost cuts and actions that depend largely on achieving agreements with other parties. Included are resolution of a lawsuit involving



public agency customers and investor-owned utilities, further reductions in operations costs of power plants in the federal system, and reductions in fish and wildlife spending.

Among cuts already achieved are just under \$140 million in BPA's internal operating costs. These include reducing travel, training, awards and recognition; contract employees; research and development; and freezing hiring. BPA has also frozen power-related operating costs through 2006 at the fiscal year 2001 level with no adjustments for inflation.

BPA is wrestling with three primary issues: loss of financial liquidity, decreasing net revenues and shrinking access to capital. BPA had \$800 million in financial reserves at the start of fiscal year 2001. Since then, reserves have dropped to less than \$200 million, the lowest in over a decade. Reserves help BPA survive the ups and downs of unpredictable water and market conditions. Current estimates have BPA losing another \$200 to \$300 million dollars this year.

Even so, Wright said that he is optimistic that BPA and the region can work their way through this difficult time and put the agency back on firm financial footing by 2006. "The key is a collaborative approach. BPA provides tremendous benefits to the region. These include payments to investor-owned utilities to lower the rates of their residential and small farm customers as well as funding for fish and wildlife, conservation and energy efficiency programs. We may have to spread the pain among all of us who benefit if we are to get through this period and secure those benefits for the future," Wright said.

### **Regional dialogue schedule stretched**

BPA is stretching out the schedule for developing the agency's Regional Dialogue proposal so that the region can focus now on the new rate proceeding. The adjusted timeline also lets BPA apply lessons learned in the last two years and new risk management approaches to the proposal.

The Regional Dialogue is designed to resolve, among other issues, what power loads BPA should plan to serve after current rates expire in 2006. Discussions with interested parties will continue but on fewer issues for now. The effort will ramp back up in early June. BPA's proposal is planned for release in late summer.

### **BPA borrowing authority expanded**

Congress has approved an omnibus spending package for fiscal year 2003. It includes a \$700 million increase in BPA borrowing authority. The president is expected to sign the bill.

"This action assures our ability to finance our highest-priority projects to strengthen the Northwest's transmis-

sion and power infrastructure," said BPA national relations Vice President Jeff Stier.

BPA had been facing the prospect of exhausting its previous \$3.75 billion borrowing limit by 2005. The addition of \$700 million will extend the limit by about two years.

Increasing BPA's borrowing authority does not appropriate any taxpayer funds to BPA. It increases BPA's line of credit with the U.S. Treasury, BPA's banker, so the agency can borrow money for new transmission lines, improvements to federal dams, fish hatcheries and other capital projects. The loans are repaid with market-rate interest through BPA power and transmission rates.

### **Publications explain transmission system improvements**

Questions about why BPA is building new transmission lines are answered in two new BPA *Keeping Current* publications with the following titles.

- "BPA Infrastructure Projects" maps key congested transmission paths on BPA's grid and the transmission projects designed to alleviate them.
- "Reliability Standards: Meeting National and Regional Requirements for Electric System Reliability" shows how BPA's efforts to maintain the reliability of its grid fit in the bigger picture of regional and national standards.

Both are available on the Internet. Printed copies are available from the BPA public information center at (503) 230-7334.

### **Transmission customers consider contract lock**

BPA's Transmission Business Line is proposing a 20-year lock down of transmission contract rights for long-term network and point-to-point transmission contract holders. BPA is offering an initial framework based on principles under which fundamental transmission contract terms could be frozen unless changed by mutual agreement. If an agreement is reached and the Federal Energy Regulatory Commission approves it, BPA would commit to provide the basic services that transmission customers have today for existing loads and resources while granting the option for customers to convert to any new service that may be offered.

"Present service agreements don't lock rights because most terms of service are expressed in a transmission tariff that can be changed by BPA with FERC approval," said Dennis Oster, BPA Transmission Business Line customer account executive. A contract lock would protect existing contract holders from such changes. Accepting the agreement is voluntary. BPA hopes to offer new contracts by Oct. 1.

## Forecasts continue downward trend

The February final forecast from the Northwest River Forecast Center is for a January-to-July runoff of 75.6 million-acre feet in the Columbia Basin. That's 70 percent of normal.

An acre-foot is the amount of water necessary to cover an acre of land with one foot of water. The forecast has gone down from the January final forecast of 80.5 maf.

Fall and early winter precipitation was below normal in the key mountain regions of the Columbia Basin, resulting in a snowpack at the start of February of only 78 percent of average for this date.

## How low can it go?

While this year is not as bad as 2001, it's possible the three-year span from 2001-2003 could go down in history. At this point, the 2001-03 period is on its way to being the third lowest three-year stream flow period on record.

Stream flows over the four-year period of 1928-1931 were the lowest in 74 years of record keeping in the Columbia Basin. BPA hydro system modelers use that period as the "benchmark" for critical water planning in BPA's Canadian Treaty hydro studies.

## Information opportunities available on BPA Website

BPA's Website offers many opportunities for Internet users to keep up with BPA information and activities as well as stay involved. By accessing [www.bpa.gov](http://www.bpa.gov) and clicking on the *public involvement* heading, readers can learn of public meetings, workshops, and special events. That heading also provides a way to send BPA comments on subjects or projects open for public discussion.

Under the heading *news & events* or the image of the rolled up newspaper headlined *news from BPA*, the website provides news releases, condensed weekly news summaries and lists of meetings.

# PUBLIC INVOLVEMENT Updates and Notices

## NEW PROJECTS

### Conservation and Renewables Discount Program

The public comment period on C&RD program requirements and technical information began in February. This is a yearly opportunity for BPA customers, constituents and other interested parties to offer petitions to improve C&RD policy, program implementation and technical issues. Petitions must be made by March 30 for consideration. Copies of the C&RD Manual can be found on BPA's Web site: [http://www.bpa.gov/Energy/N/projects/cr\\_discount/index.shtml](http://www.bpa.gov/Energy/N/projects/cr_discount/index.shtml). A summary of comments received and BPA's proposed changes will be distributed for a 30-day comment period April 1.

## ONGOING PROJECTS

### BPA's Power Supply Role After 2006

A regional discussion regarding how BPA will market power and share the costs and benefits of the Federal Columbia River Power System in the Pacific Northwest after 2006 will proceed at a slower pace until early June. Until then, external discussions will focus on the benefits to residential and small farm customers of IOUs, as well as BPA's projected post-2006 cost structure. The reason for the slower pace is the need to focus more attention on near-term cost and rate matters. Please refer to BPA's Web site at [www.bpa.gov/power/regionaldialogue](http://www.bpa.gov/power/regionaldialogue) for up-to-date information, or contact Jennifer Scott at (503) 230-7685.

### COB Energy Facility Interconnect EIS – Klamath Co., Ore.

Peoples Energy Resources Corp. has requested interconnection of its proposed 1,200-MW combustion turbine project at a site near Bonanza in Klamath Co., Ore. The project would require a new 500-kV transmission line to BPA's Captain Jack Substation. The project is subject to Oregon Energy Facility Siting Council certification. The draft EIS is scheduled for publication later this year.

### Fish and Wildlife Implementation Plan EIS – Regionwide

This EIS examines potential impacts of implementing any of the fish and wildlife policy directions being considered in regional processes. BPA has developed a preferred alternative from the regional guidance. The final EIS is expected this spring.

### Grand Coulee-Bell 500-kV Transmission Line (Eastern Washington Reinforcement) EIS – Wash.

This project would replace about 84 miles of 115-kV transmission line with a new higher-capacity 500-kV line. The proposed line would connect BPA's Bell Substation in Spokane to the Bureau of Reclamation's switchyard at Grand Coulee, Wash. It would be located primarily on existing BPA right-of-way. The final EIS was released Dec. 6. The ROD was released Jan. 10 and construction has begun. See [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

### Grande Ronde and Imnaha Spring Chinook Project EIS – Wallawa and Union Cos., Ore.

This project would build fish trapping, incubation, rearing and release hatchery facilities to help boost native spring chinook salmon

populations in the Grande Ronde and Imnaha rivers of Northeast Oregon. Planned facilities would modify and augment existing Lower Snake River Compensation Plan facilities. A summary of the public scoping comments is available on request. A draft EIS will be available for comment in April.

#### **Johnson Creek Artificial Propagation Enhancement EA – Valley Co., Idaho**

This project seeks to recover the creek's depleted native summer chinook salmon population. It would include additional facilities at the McCall Fish Hatchery in McCall, Idaho, and acclimation facilities along Johnson Creek. This project is currently on hold.

#### **Kangley-Echo Lake Transmission Line Project – King and Kittitas Cos., Wash.**

BPA proposes to build a 500-kV transmission line to connect an existing transmission line near Kangley to BPA's Echo Lake Substation in western Washington. BPA's preferred alternative would run parallel to the major portion of the Raver-Echo Lake 500-kV line. The project is needed to improve transmission system reliability and to enhance BPA's ability to meet treaty requirements with Canada. BPA has prepared a supplemental draft EIS (SDEIS) that analyzes alternatives not considered in detail in the draft EIS. The SDEIS was released for a 45-day public and agency review in January 2003. Public meetings were held on the following dates: Feb. 3 in North Bend, Wash.; Feb. 4 in Seattle, Wash.; Feb. 5 in Maple Valley, Wash.; and Feb. 6 in Covington, Wash. The comment period ends March 1. See [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

#### **Noxon to Kalispell (Libby Loop Section) Fiber Optic Cable Project**

BPA plans to add fiber optic cable to some of the existing transmission lines between the Noxon Communications Hut in Sanders Co., Mont., and the Libby Substation located in Lincoln Co., Mont. The project route is approximately 23 miles in length. This fiber optic cable installation will complete work that was started last year. The cable, which ranges from 3/4 to 1 inch in diameter, will be attached to each transmission structure along the route.

#### **Plymouth Generating Facility EIS – Benton Co., Wash.**

Plymouth Energy requested interconnection of its proposed 306-MW combustion turbine project near Plymouth in Benton Co., Wash. BPA is preparing a joint NEPA/SEPA EIS with Benton Co. A draft EIS is available for review. The comment period on the DEIS ended on Oct. 15, 2002. An FEIS is anticipated to be released this spring.

#### **Raymond-Cosmopolis 115-kV Transmission Line EA – Grays Harbor and Pacific Cos., Wash.**

BPA proposes to rebuild an existing 115-kV transmission line between Raymond and Cosmopolis, roughly parallel to Hwy. 101. Most of the 18-mile-long line will remain in the existing right-of-way. The preliminary EA was released for public review in February. The comment period ended Feb. 19. Public meetings were held Feb. 11 in Cosmopolis and Feb. 12 in Raymond. See [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

#### **Salmon Creek EIS – Okanogan Co., Wash.**

BPA proposes to fund a project to enhance fish habitat and fish passage and to increase instream flows in 4.3 miles of lower Salmon Creek, a tributary of the Okanogan River. The project would rehabilitate the stream channel, revegetate stream banks and increase streamflows. A draft EIS is anticipated in fall 2003.

#### **Schultz-Hanford Area 500-kV Line Project – near Ellensburg to near the Hanford Reservation, Wash.**

BPA proposes to build a new 500-kV line from Schultz Substation to the new Wautoma Substation southwest of the Hanford Monument. A final EIS was released in February. The ROD is expected this month. See [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

#### **South Fork Flathead Watershed/Westslope Cutthroat Trout Conservation Program – Flathead National Forest, Mont.**

BPA proposes to fund a project to remove exotic trout species from selected lakes in the South Fork of the Flathead drainage. BPA is preparing an EIS. A scoping period will begin this spring.

#### **Summit/Westward Project – Columbia Co., Ore.**

Westward Energy Co. proposes a 520-MW natural-gas-fired combustion-turbine facility in Columbia Co. near Clatskanie, Ore., and requested interconnection to the federal grid. EFSC is the lead agency for the environmental review of the generation project; BPA has the lead on integrating transmission.

#### **Wallula-Smiths Harbor Transmission Line Project – Walla Walla Co., Wash.**

A 5.1-mile segment of 500-kV transmission line is proposed to connect power from a 1,300-MW natural-gas-fired combined-cycle combustion gas turbine facility (the Wallula Power Project) to a new BPA switchyard (Smiths Harbor) near Wallula Junction in Walla Walla Co., Wash. An additional 28-mile segment of transmission line adjacent to an existing transmission line was also proposed between the Smiths Harbor switchyard and BPA's existing McNary Substation. However, this segment will not be needed for firm transfer of power from the Wallula Power Project. The final EIS was released to the public. A ROD will be issued soon; however, construction of this project is on hold until financing is secured. See [www.efsc.wa.gov/wallula.html](http://www.efsc.wa.gov/wallula.html) or [www.transmission.bpa.gov/projects](http://www.transmission.bpa.gov/projects) for more information.

#### **Wanapa Energy Center Generation Proj. EIS – Umatilla Co.**

The Confederated Tribes of the Umatilla Indian Reservation requested interconnection of the Wanapa Energy Center, a proposed 1,300-MW gas-fired combined-cycle combustion turbine project, into the transmission grid. The project would be located on tribal trust land. The Bureau of Indian Affairs plans to prepare a draft EIS in August with a final EIS in November and a ROD in December. BPA is participating as a cooperating agency.

#### **White Sturgeon Mitigation and Restoration in the Columbia and Snake Rivers Upstream of Bonneville Dam EA – Ore., Wash. and Idaho**

To restore and mitigate for documented lost white sturgeon productivity caused by development and operation of the hydropower system. A preliminary EA will be available for public review this spring. Call to be added to the mail list.

### **CLOSE OF COMMENT**

Kangley-Echo Lake Transmission Line Project: March 1, 2003

**If you have questions or comments, or you want to be added to the mailing list for any project, call (503) 230-3478 (Portland) or 1-800-622-4519.**

To order copies of documents, call: 1-800-622-4520 or (503) 230-7334. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. E-mail address: [comment@BPA.gov](mailto:comment@BPA.gov). BPA home page: <http://www.bpa.gov>. For details on BPA environmental reviews listed above, including site maps and documents issued to date, see <http://www.efw.bpa.gov/cgi-bin/PSA/NEPA/Projects>. **Process Abbreviations:** DEIS-Draft Environmental Impact Statement, EA-Environmental Assessment, EFSEC-Washington Energy Facility Site Evaluation Council, EFSC-Oregon Energy Facility Siting Council, EIS-Environmental Impact Statement, FONSI-Finding of No Significant Impact, NOI-Notice of Intent, ROD-Record of Decision, SA-Supplement Analysis.

